

Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2018 (IFRS)

August 1, 2018
Sojitz Corporation

Results Highlights

◆ In the three-month period ended June 30, 2018, conditions in the global economy proved firm due to the support of growth in developed countries witnessing strong consumption as well as in emerging countries. Resource prices were likewise solid. Meanwhile, caution is warranted going forward with regard to the potential impact on the global economy of the trade negotiations being advanced by the United States as well as the economic trends in emerging countries, which are witnessing the depreciation of their currency. The Company's revenue for the three-month period ended June 30, 2018, were up year on year due to increased sales in the Metals & Mineral Resources Division, a result of rises in prices and transaction volumes for coal and other resources; in the Automotive Division, a result of the acquisition of a domestic automobile dealership and other businesses. Profit for the period (attributable to owners of the Company) rose year on year due to higher gross profit and gains on sales of automobile-related companies.

(Figures in parentheses are year-on-year changes)

Revenue 467.9 billion yen (+35.5 billion yen / +8.2%)
Gross profit 59.9 billion yen (+8.3 billion yen / +16.0%)

• Increase in revenue and gross profit in the Metals & Mineral Resources Division due to higher prices and transaction volumes for coal and other resources

• Increase in revenue and gross profit in the Automotive Division due to the new acquisition of a domestic automobile dealership business

Profit for the period (attributable to owners of the Company)
19.8 billion yen (+5.2 billion yen / +35.2%)

• Increase in gross profit
• Increase in other income due to gains on a sale of automobile-related company

(Reference)

• Effective from the fiscal year ending March 31, 2019, inventories associated with transactions in which the Company acts as a transaction agent will be recorded under trade and other receivables in conjunction with the application of IFRS 15—Revenue from Contracts with Customers.

• In addition, core operating cash flow and core cash flow have been adopted under cash flows from the fiscal year ending March 31, 2019.

◆ Earnings forecast for the fiscal year ending March 31, 2019
Profit for the year (attributable to owners of the Company)
63.0 billion yen

(Assumptions)

Exchange rate (annual average: JPY/US\$) : 105

◆ Cash dividends per share for the fiscal year ending March 31, 2019
Interim : 7.50 yen per share (forecast)
Year-end : 7.50 yen per share (forecast)

*1 Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividend income + Share of profit (loss) of investments accounted for using the equity method

*2 Core operating cash flow = Net cash provided by(used in) operating activities - Changes in working capital

*3 Core cash flow = Core operating cash flow + Post-adjustment net cash provided by(used in) investing activities - Dividends paid (Post-adjustment net cash provided by(used in) investing activities is net cash provided by(used in) investing activities after adjustment for changes in long-term operating assets, etc.)

* Caution regarding forward-looking statements

This document contains forward-looking statements based on information available to the Company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by such forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

Consolidated Statements of Profit or Loss

	FY2018 1Q		Difference a-b	Reasons for the Difference	FY2018		Percentage Achieved a/c
	Results a	Results b			Forecast c		
Revenue	467.9	432.4	35.5	Revenue: change in segment Metals & Mineral Resources +29.4 Automotive +18.0			
Gross profit	59.9	51.6	8.3	Gross profit: change in segment Metals & Mineral Resources +4.3 Automotive +3.1	240.0	25%	
Selling, general and administrative expenses							
Personnel expenses	(24.1)	(21.7)	(2.4)				
Non-personnel expenses	(16.9)	(15.7)	(1.2)				
Depreciation	(1.7)	(1.3)	(0.4)				
Provision of allowance for doubtful accounts	0.0	0.2	(0.2)				
Total selling, general and administrative expenses	(42.7)	(38.5)	(4.2)		(174.0)		
Other income/expenses							
Gain/loss on sale and disposal of fixed assets, net	0.4	0.0	0.4				
Impairment loss on fixed assets	(0.1)	0.0	(0.1)				
Gain on reorganization of subsidiaries/associates	6.1	1.1	5.0	Sale of an automotive-related company, Sale of solar power generation business company			
Loss on reorganization of subsidiaries/associates	(0.9)	(0.2)	(0.7)				
Other operating income/expenses	(0.6)	0.1	(0.7)				
Total other income/expenses	4.9	1.0	3.9		0.0		
Financial income/costs							
Interest earned	1.7	1.3	0.4				
Interest expenses	(4.2)	(3.8)	(0.4)				
Interest expenses, net	(2.5)	(2.5)	0.0				
Dividends received	1.9	1.6	0.3				
Other financial income/costs	0.2	0.0	0.2				
Financial income/costs, net	(0.4)	(0.9)	0.5		(6.0)		
Share of profit (loss) of investments accounted for using the equity method	5.6	5.9	(0.3)		26.0		
Profit before tax	27.3	19.1	8.2		86.0	32%	
Income tax expenses	(5.9)	(3.2)	(2.7)		(18.5)		
Profit for the period	21.4	15.9	5.5		67.5	32%	
(Profit attributable to)							
Owners of the Company	19.8	14.6	5.2		63.0	31%	
Non-controlling interests	1.6	1.3	0.3		4.5		
Core earnings*1	22.2	17.9	4.3		86.0		

Consolidated Statements of Financial Position

	Jun. 30, 2018		Difference d-e	Reasons for the difference
	2018 d	Mar. 31, 2018 e		
Current assets	1,387.8	1,376.3	11.5	
Cash and cash equivalents	278.1	305.2	(27.1)	
Time deposits	3.4	2.8	0.6	
Trade and other receivables	789.2	549.9	239.3	Change in account item resulted from application of new IFRS standard
Inventories	193.4	396.0	(202.6)	
Other current assets	123.7	122.4	1.3	
Non-current assets	979.0	974.1	4.9	
Property, plant and equipment	181.3	172.1	9.2	
Goodwill	66.2	65.8	0.4	
Intangible assets	46.3	44.1	2.2	
Investment property	24.3	24.5	(0.2)	
Investments accounted for using the equity method	584.9	590.2	(5.3)	
Other non-current assets	76.0	77.4	(1.4)	
Total assets	2,366.8	2,350.4	16.4	
Current liabilities	802.3	846.0	(43.7)	
Trade and other payables	568.7	654.2	(85.5)	Decrease in tobacco and machinery-related business
Bonds and borrowings	158.7	113.5	45.2	Increase due to new borrowings
Other current liabilities	74.9	78.3	(3.4)	
Non-current liabilities	934.6	879.3	55.3	
Bonds and borrowings	851.1	798.0	53.1	Increase due to new borrowings
Retirement benefit liabilities	21.9	22.0	(0.1)	
Other non-current liabilities	61.6	59.3	2.3	
Total liabilities	1,736.9	1,725.3	11.6	
Share capital	160.3	160.3	-	
Capital surplus	146.5	146.5	0.0	
Treasury stock	(0.2)	(0.2)	0.0	
Other components of equity	115.9	124.3	(8.4)	
Retained earnings	167.1	155.5	11.6	Profit for the period +19.8 Dividends (7.5)
Total equity attributable to owners of the Company	589.6	586.4	3.2	
Non-controlling interests	40.3	38.7	1.6	
Total equity	629.9	625.1	4.8	
Total liabilities and equity	2,366.8	2,350.4	16.4	
Gross interest-bearing debt	1,009.8	911.5	+98.3	* "Total equity attributable to owners of the Company" is recognized as "Total equity", and is also used as the denominator of "Net debt/equity ratio" and the numerator of "Equity ratio."
Net interest-bearing debt	728.3	603.5	+124.8	
Net debt/equity ratio (times)*	1.24	1.03	+0.21	
Equity ratio*	24.9%	25.0%	(0.1%)	
Current ratio	173.0%	162.7%	+10.3%	
Long-term debt ratio	84.3%	87.5%	(3.2%)	

Comprehensive Income

	FY2018 1Q		Difference a-b
	Results a	Results b	
Profit for the period	21.4	15.9	5.5
Other comprehensive income	(8.8)	4.5	(13.3)
Total comprehensive income for the period	12.6	20.4	(7.8)
Comprehensive income attributable to:			
Owners of the Company	11.2	19.6	(8.4)
Non-controlling interests	1.4	0.8	0.6

Cash Flows

	FY2018 1Q		Difference a-b	Factors Affecting Circled Figures
	Results a	Results b		
Cash flows from operating activities	(98.3)	(29.9)	(68.4)	Outflows due to increase in working capital
Cash flows from investing activities	(8.4)	(10.2)	1.8	Outflows due to for investment in U.S. gas-fired thermal power generation business
Free cash flows	(106.7)	(40.1)	(66.6)	
Cash flows from financing activities	79.4	31.9	47.5	Inflows from new borrowings
Core operating cash flow*2	20.8	17.5	3.3	
Core cash flow*3	5.5	(29.0)	34.5	

Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2018 (IFRS) — Supplementary Material

August 1, 2018
Sojitz Corporation

(Billions of yen)

(Billions of yen)

Operating Results

	FY2018 1Q Results	FY2017 1Q Results	Difference	FY2018 Forecast	Percentage Achieved
Revenue	467.9	432.4	+35.5	—	—
Gross profit	59.9	51.6	+8.3	240.0	25%
Selling, general and administrative expenses	(42.7)	(38.5)	(4.2)	(174.0)	
Other income/expenses	4.9	1.0	+3.9	0.0	
Financial income/costs	(0.4)	(0.9)	+0.5	(6.0)	
Share of profit (loss) of investments accounted for using the equity method	5.6	5.9	(0.3)	26.0	
Profit before tax	27.3	19.1	+8.2	86.0	32%
Profit for the period (Profit attributable to)	21.4	15.9	+5.5	67.5	32%
Owners of the Company	19.8	14.6	+5.2	63.0	31%
Non-controlling interests	1.6	1.3	+0.3	4.5	
Core earnings*1	22.2	17.9	+4.3	86.0	
Comprehensive income attributable to owners of the Company	11.2	19.6	(8.4)		

*1 Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividends received + Share of profit (loss) of investments accounted for using the equity method

(Billions of yen)

Financial Position

	Jun. 30, 2018	Mar. 31, 2018	Difference	Mar. 31, 2019 Forecast
Total assets	2,366.8	2,350.4	+16.4	2,400.0
Total equity*2	589.6	586.4	+3.2	630.0
Equity ratio	24.9%	25.0%	(0.1)%	26.3%
Net interest-bearing debt	728.3	603.5	+124.8	650.0
Net D/E ratio (times)	1.24	1.03	+0.21	1.0
Risk assets*3	350.0	350.0	+0.0	—
Ratio of risk assets to equity (times)	0.6	0.6	(0.0)	—

*2 "Total equity" above refers to "Total equity attributable to owners of the Company" and is used as the denominator when calculating "Net D/E ratio" and the numerator when calculating "Equity ratio."

*3 The method of measuring risk assets mainly for goodwill was revised in the three-month period ended June 30, 2018. Figures for the fiscal year ended March 31, 2018, have been restated to reflect this change.

Caution regarding forward-looking statements

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Segment Performance [Gross Profit]

	FY2018 1Q	FY2017 1Q	Difference	FY2018 Forecast
Automotive	10.6	7.5	+3.1	42.0
Aerospace & Transportation Project	3.3	3.5	(0.2)	17.0
Machinery & Medical Infrastructure	2.8	2.7	+0.1	14.0
Energy & Social Infrastructure	4.3	4.8	(0.5)	21.0
Metals & Mineral Resources	9.7	5.4	+4.3	26.0
Chemicals	11.6	11.2	+0.4	47.0
Foods & Agriculture Business	5.3	5.8	(0.5)	20.0
Retail & Lifestyle Business	9.6	9.0	+0.6	39.0
Industrial Infrastructure & Urban Development	1.4	0.8	+0.6	8.0
Other	1.3	0.9	+0.4	6.0

Total	59.9	51.6	+8.3	240.0
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Segment Performance [Profit for the Period (Attributable to owners of the Company)]

	FY2018 1Q	FY2017 1Q	Difference	Main Factors Behind Difference	FY2018 Forecast	Progress Overview	(Reference) FY2017 Results
Automotive	3.1	2.8	+0.3	Increased due to gains on a sale of automobile-related company despite rebound from one-time income recorded in the previous equivalent period	5.5	Performance generally as budgeted	6.5
Aerospace & Transportation Project	0.7	0.4	+0.3	Increased due to gains on sales of aircraft	4.0	Earning contributions anticipated from progress in railroad projects along with earnings from second-half aircraft-related transactions	3.3
Machinery & Medical Infrastructure	0.3	(0.1)	+0.4	Increased due to recording of revenue associated with infrastructure projects	3.0	Earnings from industrial machinery-related transactions and revenue associated with infrastructure projects anticipated	5.7
Energy & Social Infrastructure	0.2	0.2	+0.0	Unchanged year on year	4.5	Earning contributions from domestic and overseas power generation businesses and from affiliates anticipated in the second half of the fiscal year	(5.8)
Metals & Mineral Resources	8.2	4.2	+4.0	Increased due to higher prices and transaction volumes of coal and other resources	20.5	Forecast unchanged, despite strong conditions in markets for coal and certain other commodities	21.9
Chemicals	2.2	2.3	(0.1)	Unchanged year on year	10.5	Performance generally as budgeted	8.7
Foods & Agriculture Business	1.2	2.1	(0.9)	Decreased due to higher material costs in overseas fertilizer businesses	4.5	Conditions, including higher material costs in overseas fertilizer businesses, more or less as budgeted	4.0
Retail & Lifestyle Business	1.7	1.6	+0.1	Unchanged year on year	5.5	Performance generally as budgeted	5.6
Industrial Infrastructure & Urban Development	(0.2)	(0.4)	+0.2	Unchanged year on year	1.5	Earning contributions from overseas industrial park businesses anticipated in the second half of the fiscal year	2.1
Other	2.4	1.5	+0.9		3.5		4.8

Total	19.8	14.6	+5.2	63.0
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Commodity Prices and Exchange Rates

	FY2017 Results (Apr.-Jun. '17 Avg.)	FY2018 Assumption (Annual Avg.)	FY2018 Results (Apr.-Jun. '18 Avg.)	Latest Data (as of July 26, 2018)
Crude oil (Brent)	US\$50.8/bbl	US\$60.0/bbl	US\$75.0/bbl	US\$74.5/bbl
Thermal coal**1	US\$79.8/t	US\$85.0/t	US\$105.3/t	US\$120.7/t
Exchange rate**2	¥111.4/US\$	¥105.0/US\$	¥109.5/US\$	¥110.7/US\$

**1 The results in the above table are cited from the GlobalCOAL NEWC Index and differ from our sales prices.

**2 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters gross profit by approx.

¥0.5 billion annually, profit for the year (attributable to owners of the Company) by approx. ¥0.25 billion annually, and total equity by approx. ¥2.0 billion annually.

(Reference) Effective April 1, 2018, the Company underwent the following changes in divisions as part of a structural reorganization. Figures for FY2017 1Q and FY2017 have been restated to reflect these changes.

Overview of Structural Reorganization Conducted Effective April 1, 2018

- The Aerospace & IT Business Division, the Infrastructure & Environment Business Division, and the Energy Division were reorganized to the Aerospace & Transportation Project Division, the Machinery & Medical Infrastructure Division and the Energy & Social Infrastructure Division.
- The name of the Metals & Coal Division has been changed to the Metals & Mineral Resources Division.

Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2018 (IFRS)

August 1, 2018

Sojitz Corporation

(URL <https://www.sojitz.com>)

Listed stock exchange: The first section of Tokyo

Security code: 2768

Company representative: Masayoshi Fujimoto, President & CEO

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Scheduled filing date of quarterly financial report: August 10, 2018

Scheduled date of delivery of dividends: -

Supplementary materials for the quarterly financial results: Yes

Investor conference for the quarterly financial results: Yes

(Rounded down to millions of Japanese Yen)

1. Consolidated Financial Results for the First Quarter Ended June 30, 2018 (April 1, 2018 - June 30, 2018)

(1) Consolidated Operating Results

Description of % is indicated as the change rate compared with the same period last year.

	Revenue		Profit before tax		Profit for the period		Profit for the period attributable to owners of the Company		Total comprehensive income for the period	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the first quarter ended										
June 30, 2018	467,910	8.2	27,269	43.1	21,412	34.8	19,759	35.2	12,625	(38.2)
June 30, 2017	432,445	15.3	19,058	98.9	15,889	72.0	14,615	73.6	20,436	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the first quarter ended		
June 30, 2018	15.80	15.80
June 30, 2017	11.68	11.68

Note : Basic earnings per share and Diluted earnings per share are calculated based on Profit for the period attributable to owners of the Company.

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the Company	Total equity attributable to owners of the Company ratio
	Millions of Yen	Millions of Yen	Millions of Yen	%
As of				
June 30, 2018	2,366,835	629,938	589,594	24.9
March 31, 2018	2,350,351	625,124	586,464	25.0

2. Cash Dividends

	Cash dividend per share				
	First quarter	Second quarter	Third quarter	Year end	Annual
For the year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2018	-	5.00	-	6.00	11.00
March 31, 2019	-	-	-	-	-
March 31, 2019 (forecast)	-	7.50	-	7.50	15.00

Note : Changes in cash dividend forecast : No

3. Consolidated Earnings Forecast for the Year Ending March 31, 2019 (April 1, 2018 - March 31, 2019)

Description of % is indicated as the change rate compared with the same period last year.

	Profit attributable to owners of the Company		Basic earnings per share
	Millions of Yen	%	Yen
For the Year Ending			
March 31, 2019			
Full-year	63,000	10.8	50.36

Note 1 : Changes in cash dividend forecast : No

Note 2 : Basic earnings per share is calculated based on Profit attributable to owners of the Company.

4. Others

- (1) Changes in major subsidiaries during the period
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : No

- (2) Accounting policy changes and accounting estimate changes
 1. Changes in accounting policies required by IFRS : Yes
 2. Changes due to other reasons : No
 3. Accounting estimate change : No

- (3) Number of outstanding shares at the end of the periods (Common Stock):
 1. Number of outstanding shares at the end of the periods (Including treasury shares):
As of June 30, 2018: 1,251,499,501 As of March 31, 2018: 1,251,499,501
 2. Number of treasury shares at the end of the periods:
As of June 30, 2018 : 529,529 As of March 31, 2018 : 528,747
 3. Average number of outstanding shares during the periods:
For the first quarter ended June 30, 2018 (accumulative): 1,250,970,454
For the first quarter ended June 30, 2017 (accumulative): 1,250,979,517

* This summary of consolidated financial results is not subject to quarterly reviews.

* Important Note Concerning the Appropriate Use of Business Forecasts and other

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1. Analysis of Business Results

(1) Overview of the Three-Month Period Ended June 30, 2018

Economic Environment

In the three-month period ended June 30, 2018, conditions in the global economy proved firm due to the support of growth in developed countries witnessing strong consumption as well as in emerging countries. Resource prices were likewise solid. Meanwhile, caution is warranted going forward with regard to the potential impact on the global economy of the trade negotiations being advanced by the United States as well as the economic trends in emerging countries, which are witnessing the devaluation of their currency.

The United States continued to experience stable economic growth due to strong capital investment and consumer spending stimulated by the recent tax reform measures.

Europe also enjoyed strong consumer spending accompanied by ongoing economic growth centered on Germany. However, there was a lingering sense of opaqueness in light of factors such as negotiations regarding the United Kingdom's withdrawal from the European Union.

In China, overall economic conditions proved firm, despite lackluster investment in infrastructure and other areas. Nonetheless, this country faces an increasingly uncertain outlook due to concerns related to factors including falling stock prices amid the growing intensity of trade disputes with the United States.

Despite the currency devaluation stemming from the interest rate hike in the United States, Asia continued to experience overall stable economic growth. Factors contributing to this growth included increased exports and favorable consumption trends stimulated by the recovery of the global economy.

In Japan, conditions varied by sector, with rising capital investment but sluggish consumer spending.

Financial Performance

Sojitz Corporation's consolidated business results for the first quarter ended June 30, 2018 are presented below.

Revenue	Revenue was up 8.2% year on year, to ¥467,910 million, due to increased sales in the Metals & Mineral Resources Division, a result of rises in prices and transactions volumes for coal and other resources; in the Automotive Division, a result of the acquisition of new domestic automotive dealership and other businesses.
Gross profit	Gross profit increased ¥8,239 million year on year, to ¥59,868 million, as a result of the rise in gross profit.
Profit before tax	Profit before tax increased ¥8,211 million year on year, to ¥27,269 million, as a result of higher gross profit combined with a rise in other income associated with gains on a sale of automobile-related company.
Profit for the period	After deducting income tax expenses of ¥5,856 million from profit before tax of ¥27,269 million, profit for the period amounted to ¥21,412 million, up ¥5,523 million year on year. Profit for the period (attributable to owners of the Company) increased ¥5,144 million year on year, to ¥19,759 million.

Comprehensive income for the period Comprehensive income for the period decreased ¥7,811 million year on year, to ¥12,625 million. Although profit for the period was up, foreign currency translation differences for foreign operations placed downward pressure on profit. Comprehensive income for the period (attributable to owners of the Company) was down ¥8,406 million year on year, to ¥11,220 million.

Results for the three-month period ended June 30, 2018, are summarized by segment below. Effective April 1, 2018, the Aerospace & IT Business Division, Infrastructure & Environment Business Division, and the Energy Division were reorganized to the Aerospace & Transportation Project Division, the Machinery & Medical Infrastructure Division, and the Energy & Social Infrastructure Division. In addition, the name of the Metals & Coal Division was changed to the Metals & Mineral Resources Division.

Automotive

Revenue was up 45.2% year on year, to ¥57,926 million, due to the acquisition of new domestic automotive dealership and other businesses. Profit for the period (attributable to owners of the Company) rose ¥263 million, to ¥3,085 million, following higher gross profit coupled with a rise in other income associated with gains on a sale of automobile-related company.

Aerospace & Transportation Project

Revenue was down 54.3% year on year, to ¥6,259 million, due to the absence of gains on new ship turnovers recorded in the previous equivalent period. Despite a decrease in gross profit, profit for the period (attributable to owners of the Company) rose ¥308 million, to ¥737 million, due to an increase in other income associated with gains on sales of aircraft.

Machinery & Medical Infrastructure

Revenue was down 4.9% year on year, to ¥20,625 million, as a result of a decline in industrial machinery transactions. Profit for the period (attributable to owners of the Company) of ¥279 million was recorded, in comparison with loss for the period (attributable to owners of the Company) of ¥61 million in the three-month period ended June 30, 2017, because of an increase in financial income.

Energy & Social Infrastructure

Revenue was down 30.6%, to ¥17,851 million, as a result of lower petroleum product transactions. Profit for the period (attributable to owners of the Company) rose ¥8 million to ¥219 million.

Metals & Mineral Resources

Revenue was up 37.4%, to ¥108,149 million, as a result of higher prices and transactions volumes for coal and other resources. Profit for the period (attributable to owners of the Company) rose ¥4,009 million, to ¥8,179 million, due to higher gross profit and an increase in share of profit of investments accounted for using the equity method.

Chemicals

Revenue was up 2.2% year on year, to ¥126,916 million, as a result of a rise in the price of methanol. Profit for the period (attributable to owners of the Company) decreased ¥80 million, to ¥2,248 million, despite an increase in gross profit. The decrease can be attributed to lower share of profit of investments accounted for using the equity method.

Foods & Agriculture Business

Revenue was down 17.6%, to ¥35,102 million, following lower feed material transactions. Profit for the period (attributable to owners of the Company) decreased ¥841 million, to ¥1,241 million, as a result of a decline in the profit of overseas fertilizer businesses.

Retail & Lifestyle Business

Revenue was up 9.4% year on year, to ¥79,108 million, as a result of higher beef transactions following the lifting of safeguard. Profit for the period (attributable to owners of the Company) increased ¥58 million, to ¥1,702 million.

Industrial Infrastructure & Urban Development

Revenue was up 40.2% year on year, to ¥6,366 million, because of higher real estate transactions. Loss for the period (attributable to owners of the Company) decreased ¥237 million, to ¥206 million.

(2) Financial Position

Consolidated Balance Sheet

Total assets on June 30, 2018, stood at ¥2,366,835 million, up ¥16,484 million from March 31, 2018. This increase was largely a result of higher property, plant and equipment following the acquisition of an overseas papermaking company.

Total liabilities at June 30, 2018, amounted to ¥1,736,897 million, up ¥11,670 million from March 31, 2018, following an increase in interest-bearing debt attributable to new borrowings, which offset the decrease in trade and other payables associated with tobacco- and machinery-related transactions under current liabilities.

Total equity attributable to owners of the Company was ¥589,594 million on June 30, 2018, up ¥3,130 million from March 31, 2018. This increase was largely due to accumulation of profit for the period (attributable to owners of the Company) despite a decrease in other components of equity resulted primarily from foreign exchange rate fluctuations.

Sojitz consequently, on June 30, 2018, the current ratio was 173.0%, the long-term debt ratio was 84.3%, and the equity ratio* was 24.9%. Net interest-bearing debt (total interest-bearing debt less cash and cash equivalents and time deposits) totaled ¥728,421 million on June 30, 2018, ¥124,971 million increase from March 31, 2018. This resulted in the Company's net debt equity ratio* equaling 1.24 times at June 30, 2018.

(*) The equity ratio and net debt equity ratio are calculated based on total equity attributable to owners of the Company.

Under Medium-Term Management Plan 2020, which began in the year ending March 31, 2019, the Sojitz Group continued to advance financial strategies in accordance with the basic policy of maintaining and enhancing the stability of its capital structure. In addition, Sojitz has been endeavored to maintain a stable financial foundation by holding sufficient liquidity as a buffer against changes in the economic or financial environment and by keeping the long-term debt ratio at its current level.

As one source of long-term funding, Sojitz did not issue straight bonds in the three-month period ended June 30, 2018. However, Sojitz will continue to closely monitor interest rates and market conditions and will consider floating additional issues whenever the timing and associated costs prove advantageous.

As supplemental sources of procurement flexibility and precautionary liquidity, Sojitz maintains a ¥100 billion long-term yen commitment line (which remains unused) and long-term commitment line totaling US\$1.9 billion (of which US\$1.0 billion has been used).

Consolidated Cash Flows

In the three-month period ended June 30, 2018, operating activities used net cash flow of ¥98,289 million, investing activities used net cash of ¥8,398 million, and financing activities provided net cash of ¥79,370 million. Sojitz ended the period with cash and cash equivalents of ¥278,050 million, adjusted to reflect foreign currency translation adjustments related to cash and cash equivalents.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥98,289 million, an increase of ¥68,409 million year on year. Major factors increasing cash included business revenues and dividends received. These factors were outweighed by major factors decreasing cash, namely a decrease in trade and other payables associated with tobacco transactions.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥8,398 million, up ¥1,782 million year on year. Investment outflows for the acquisition of a U.S. gas-fired thermal power generation business and investment in Vietnamese papermaking company exceeded inflows from the sale of investments.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥79,370 million, up ¥47,486 million year on year, largely as a result of proceeds from borrowings.

(3) Consolidated Earnings Forecast

Current forecast for fiscal year 2018 is as follow.

Profit for the year (Attributable to owners of the Company)	¥63.0 billion
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The above forecast assumes a yen/dollar rate of ¥105/US\$.

*Caution regarding Forward-looking Statements

The forecasts appearing above constitute forward-looking statements. They are based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

2. Summary information (other)

(1) Changes in major subsidiaries during the period

None

3. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(In millions of Yen)

	FY 2017 (As of March 31, 2018)	FY 2018 (As of June 30, 2018)
Assets		
Current assets		
Cash and cash equivalent	305,241	278,050
Time deposits	2,788	3,408
Trade and other receivables	549,789	789,314
Derivatives	2,703	2,888
Inventories	396,020	193,439
Income tax receivables	5,094	8,616
Other current assets	106,234	110,862
Subtotal	1,367,872	1,386,579
Assets as held for sale	8,425	1,253
Total current assets	1,376,297	1,387,832
Non-current assets		
Property, plant and equipment	172,135	181,280
Goodwill	65,842	66,237
Intangible assets	44,057	46,272
Investment property	24,486	24,309
Investments accounted for using the equity method	407,284	401,570
Trade and other receivables	63,824	62,992
Other investments	182,949	183,256
Derivatives	49	14
Other non-current assets	8,794	8,779
Deferred tax assets	4,630	4,288
Total non-current assets	974,053	979,002
Total assets	2,350,351	2,366,835
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	654,138	568,641
Bonds and borrowings	113,497	158,730
Derivatives	3,394	4,400
Income tax payables	13,632	11,240
Provisions	2,069	1,161
Other current liabilities	55,004	57,816
Subtotal	841,735	801,989
Liabilities directly related to assets as held for sale	4,182	261
Total current liabilities	845,918	802,251
Non-current liabilities		
Bonds and borrowings	797,982	851,149
Trade and other payables	4,759	4,809
Derivatives	2,634	2,657
Retirement benefits liabilities	22,016	21,917
Provisions	21,000	22,066
Other non-current liabilities	9,968	10,129
Deferred tax liabilities	20,946	21,916
Total non-current liabilities	879,308	934,646
Total liabilities	1,725,227	1,736,897
Equity		
Share capital	160,339	160,339
Capital surplus	146,512	146,512
Treasury stock	(174)	(174)
Other components of equity	124,348	115,855
Retained earnings	155,437	167,060
Total equity attributable to owners of the Company	586,464	589,594
Non-controlling interests	38,659	40,344
Total equity	625,124	629,938
Total liabilities and equity	2,350,351	2,366,835

(2) Consolidated Statements of Profit or Loss

(In millions of Yen)

	FY 2017 First Quarter (From April 1, 2017 To June 30, 2017)	FY 2018 First Quarter (From April 1, 2018 To June 30, 2018)
Revenue		
Sale of goods	413,076	442,558
Sales of service and others	19,368	25,351
Total revenue	432,445	467,910
Cost of sales	(380,815)	408,041
Gross profit	51,629	59,868
Selling, general and administrative expenses	(38,454)	(42,726)
Other income(expenses)		
Gain(loss) on sale and disposal of fixed assets, net	1	370
Impairment loss on fixed assets	(21)	(65)
Gain on reorganization of subsidiaries/associates	1,100	6,101
Loss on reorganization of subsidiaries/associates	(192)	(891)
Other operating income	2,097	1,394
Other operating expenses	(2,037)	(1,984)
Total other income/expenses	947	4,924
Financial income		
Interests earned	1,280	1,741
Dividends received	1,540	1,874
Other financial income	—	122
Total financial income	2,821	3,738
Financial costs		
Interest expenses	(3,780)	(4,176)
Other financial costs	(0)	—
Total financial cost	(3,780)	(4,176)
Share of profit(loss) of investments accounted for using the equity method	5,896	5,639
Profit before tax	19,058	27,269
Income tax expenses	(3,169)	(5,856)
Profit for the period	15,889	21,412
Profit attributable to:		
Owners of the Company	14,615	19,759
Non-controlling interests	1,273	1,652
Total	15,889	21,412

(3) Consolidated Statements of Profit or Loss and other Comprehensive Income

(In millions of Yen)

	FY 2017 First Quarter (From April 1, 2017 To June 30, 2017)	FY 2018 First Quarter (From April 1, 2018 To June 30, 2018)
Profit for the period	15,889	21,412
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	3,484	1
Remeasurements of defined benefit pension plans	(4)	(75)
Share of other comprehensive income of investments accounted for using the equity method	3,663	4,195
Total items that will not be reclassified to profit or loss	7,143	4,121
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	(2,930)	(7,914)
Cash flow hedges	986	(249)
Share of other comprehensive income of investments accounted for using the equity method	(651)	(4,745)
Total items that may be reclassified subsequently to profit or loss	(2,595)	(12,908)
Other comprehensive income for the year, net of tax	4,547	(8,786)
Total comprehensive income for the year	20,436	12,625
Total comprehensive income attributable to:		
Owners of the Company	19,626	11,220
Non-controlling interests	810	1,405
Total	20,436	12,625

(4) Consolidated Statements of Changes in Equity

(In Millions of Yen)

	Attributable to owners of the Company					
	Share capital	Capital surplus	Treasury stock	Other components of equity		
				Foreign currency translation differences for foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2017	160,339	146,513	(170)	31,537	106,268	(5,124)
Profit for the period						
Other comprehensive income				(2,915)	7,065	845
Total comprehensive income for the period	—	—	—	(2,915)	7,065	845
Purchase of treasury stock		(0)	(1)			
Dividends						
Change in ownership interests in subsidiaries without loss/acquisition of control				(0)		
Reclassification from other components of equity to retained earnings					(425)	
Other changes						
Total contributions by and distributions to owners of the Company	—	(0)	(1)	(0)	(425)	—
Balance as of June 30, 2017	160,339	146,512	(172)	28,621	112,907	(4,279)

Balance as of April 1, 2018	160,339	146,512	(174)	17,709	111,072	(4,432)
Impact of change in accounting policies						
Balance as of April 1, 2018 (Revised)	160,339	146,512	(174)	17,709	111,072	(4,432)
Profit for the period						
Other comprehensive income				(12,943)	4,195	272
Total comprehensive income for the period	—	—	—	(12,943)	4,195	272
Purchase of treasury stock		(0)	(0)			
Dividends						
Change in ownership interests in subsidiaries without loss/acquisition of control						
Reclassification from other components of equity to retained earnings					(18)	
Other changes						
Total contributions by and distributions to owners of the Company	—	(0)	(0)	—	(18)	—
Balance as of June 30, 2018	160,339	146,512	(174)	4,765	115,250	(4,160)

(In Millions of Yen)

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total equity attributable to owners of the Company		
	Remeasurements of defined benefit pension plans	Total other components of equity				
Balance as of April 1, 2017	—	132,682	111,149	550,513	27,457	577,970
Profit for the period			14,615	14,615	1,273	15,889
Other comprehensive income	15	5,010		5,010	(462)	4,547
Total comprehensive income for the period	15	5,010	14,615	19,626	810	20,436
Purchase of treasury stock				(1)		(1)
Dividends			(5,003)	(5,003)	(692)	(5,695)
Change in ownership interests in subsidiaries without loss/acquisition of control		(0)	—	(0)		(0)
Reclassification from other components of equity to retained earnings	(15)	(441)	441	—		—
Other changes			(145)	(145)	(103)	(249)
Total contributions by and distributions to owners of the Company	(15)	(441)	(4,708)	(5,151)	(795)	(5,947)
Balance as of June 30, 2017	—	137,250	121,057	564,987	27,472	592,460

Balance as of April 1, 2018	—	124,348	155,437	586,464	38,659	625,124
Impact of change in accounting policies			(444)	(444)		(444)
Balance as of April 1, 2018 (Revised)	—	124,348	154,993	586,020	38,659	624,679
Profit for the period			19,759	19,759	1,652	21,412
Other comprehensive income	(65)	(8,539)		(8,539)	(247)	(8,786)
Total comprehensive income for the period	(65)	(8,539)	19,759	11,220	1,405	12,625
Purchase of treasury stock				(0)		(0)
Dividends			(7,505)	(7,505)	(1,051)	(8,556)
Change in ownership interests in subsidiaries without loss/acquisition of control			—	—	1,304	1,304
Reclassification from other components of equity to retained earnings	65	46	(46)	—		—
Other changes			(139)	(139)	26	(113)
Total contributions by and distributions to owners of the Company	65	46	(7,692)	(7,645)	279	(7,366)
Balance as of June 30, 2018	—	115,855	167,060	589,594	40,344	629,938

(5) Consolidated Statements of Cash Flows

(In millions of Yen)

	FY 2017 First Quarter (From April 1, 2017 To June 30, 2017)	FY 2018 First Quarter (From April 1, 2018 To June 30, 2018)
Cash flows from operating activities		
Profit for the period	15,889	21,412
Depreciation and amortization	5,225	5,524
Impairment loss of fixed assets	21	65
Finance (income) costs	959	438
Share of (profit)loss of investments accounted for using the equity method	(5,896)	(5,639)
(Gain) loss on sale of fixed assets, net	(1)	(370)
Income tax expenses	3,169	5,856
(Increase)decrease in trade and other receivables	7,305	(16,511)
(Increase)decrease in inventories	(23,740)	(13,575)
Increase (decrease) in trade and other payables	(641)	(90,105)
Changes in other assets and liabilities	(30,322)	1,137
Increase (decrease) in retirement benefits liabilities	328	(161)
Others	(1,189)	(6,663)
Subtotal	(28,890)	(98,592)
Interests earned	1,072	1,324
Dividends received	9,813	13,416
Interests paid	(3,130)	(3,844)
Income taxes paid	(8,745)	(10,593)
Net cash provided (used) by/in operating activities	(29,880)	(98,289)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,993)	(9,322)
Proceeds from sale of property, plant and equipment	142	4,342
Purchase of intangible assets	(724)	(857)
(Increase)decrease in short-term loans receivable	1,169	341
Payment for long-term loans receivable	(195)	(431)
Collection of long-term loans receivable	8	2,184
Proceeds from (payments for) acquisition of subsidiaries	(5)	(3,135)
Proceeds from (payments for) sale of subsidiaries	117	1,418
Purchase of investments	(4,777)	(11,561)
Proceeds from sale of investments	746	10,260
Others	(669)	(1,637)
Net cash provided (used) by/in investing activities	(10,180)	(8,398)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	14,597	32,580
Proceeds from long-term borrowings	32,515	62,888
Repayment of long-term borrowings	(9,418)	(8,502)
Proceeds from issuance of bonds	9,940	—
Redemption of bonds	(10,000)	—
Proceeds from non-controlling interest holders	536	1,115
Purchase of treasury stock	(1)	(0)
Dividends paid	(5,003)	(7,505)
Dividends paid to non-controlling interest holders	(692)	(1,051)
Others	(589)	(154)
Net cash provided (used) by/in financing activities	31,884	79,370
Net increase (decrease) in cash and cash equivalents	(8,176)	(27,316)
Cash and cash equivalents at the beginning of the year	308,632	305,241
Effect of exchange rate changes on cash and cash equivalents	(367)	125
Cash and cash equivalents at the end of the period	300,088	278,050

(6) Changes in Accounting Policies Based on Requirements of International Financial Reporting Standards

With the exception of the following policies, the accounting policies applied to the consolidated financial statements for the three-month period ended June 30, 2018, are the same as those applied to consolidated financial statements for the year ended March 31, 2018.

Effective April 1, 2018, the Company has applied the following mandatory standards.

Standard	Name	New / revised policies
IFRS 15	Revenue from Contracts with Customers	Revision of accounting treatment and disclosure method pertaining to recognition of revenue
IFRS 9	Financial Instruments (2014 version)	Revision to methods of classifying and measuring financial instruments, revision to hedge accounting methods, and revision to provisions for impairment of financial assets based on expected credit loss model

1) IFRS 15—Revenue from Contracts with Customers

Effective April 1, 2018, the Company applied IFRS 15—Revenue from Contracts with Customers. As a transitional measure for the application of this standard, the standard has been applied retroactively to previous periods and the balance of retaining earnings on April 1, 2018, has been adjusted to reflect the cumulative effect amount of this retroactive application.

In conjunction with the application of IFRS 15—Revenue from Contracts with Customers, the Company has adopted an approach of recognizing the amount of profit to which the Company is expected to be entitled due to the transfer of goods or services to customers based on the following five-step model.

Step 1. Identify the contract(s) with a customer

Step 2. Identify the performance obligations in the contract

Step 3. Determine the transaction price

Step 4. Allocate the transaction price to the performance obligations in the contract

Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15—Revenue from Contracts, the Company will be viewed as the main transacting entity if the goods or services to be provided to the customer are in the Company's control prior to their provision and will be viewed as an agent if the goods or services are not in its control prior to provision.

Previously, the Company has recognized inventory assets for transactions for which the Company recognized profit at net value as an agent (agent transaction) in cases when the goods or services to be provided were temporarily in the legal possession of the Group.

Under IFRS 15—Revenue from Contracts, however, the Group is judged not be in control of inventories during agent transactions, and said inventories are therefore recognized under trade and other receivables.

As a result of the application of this standard, inventories on the consolidated statements of financial position for the three-month period ended June 30, 2018, were reduced by ¥234,013 million, and trade and other receivables were increased by the same amount.

The impact of this change on revenue and other income items on the consolidated statements of profit or loss for the three-month period ended June 30, 2018, was minimal.

2) IFRS 9—Financial Instruments (2014 version)

Effective April 1, 2018, the Company applied IFRS 9—Financial Instruments (2014 version).

As a transitional measure for the application of this standard, the standard has been applied retroactively to previous periods and the balance of retaining earnings on April 1, 2018, has been adjusted to reflect the cumulative effect of this retroactive application. Some exceptions to this retroactive application do exist.

The application of IFRS 9—Financial Instruments (2014 version) did not have a material impact on the consolidated financial statements of the Company.

(a) Classifications of Financial Assets

Under the previously applied IFRS 9—Financial Instruments (2010 version), financial assets of a liability nature were classified as either financial assets measured at amortized cost or financial assets measured at fair value through profit or loss. In IFRS 9—Financial Instruments (2014 version), a new classification for financial assets of a liability nature was created: financial assets measured at fair value through other comprehensive income. When the following conditions are fulfilled, the Company will classify financial assets of a liability nature as financial assets measured at fair value through other comprehensive income.

- When the financial asset is held for a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- When the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Judgements regarding business models were made based on the status of businesses and the circumstances surrounding these businesses as of the date of application.

(b) Impairment of Financial Assets

Previously, impairment of financial assets was performed based on the loss model described in IAS 39—Financial Instruments: Recognition and Measurement. In conjunction with the application of IFRS 9—Financial Instruments (2014 version), impairment will be recognized based on an expected credit loss model. The expected credit loss model will be applied to financial assets measured at amortized cost.

(c) Hedge Accounting

Previously, hedge accounting was performed in accordance with IAS 39—Financial Instruments: Recognition and Measurement. With the application of IFRS 9—Financial Instruments (2014 version), hedge accounting will be performed based on the new general hedge accounting model. The new general hedge accounting model requires that the hedging relationship be integrated with the risk management objective and strategy for undertaking the hedge. In addition, an approach to evaluating hedging effectiveness based on more qualitative projections is required. Hedging relationship designations assigned in accordance with IAS 39—Financial Instruments: Recognition and Measurement on March 31, 2018, were reevaluated as of the application date for IFRS 9—Financial Instruments

(2014 version). As these relationships were found to meet all of the requirements for hedge accounting, the hedging relationships are ongoing.

(7) Segment information

For the first quarter ended June 30, 2017 (April 1, 2017 – June 30, 2017)

(In Millions of Yen)

	Reportable segments						
	Automotive	Aerospace & Transportaion Project	Machinery & Medical Infrastructure	Energy & Social Infrastructure	Metals & Mineral Resources	Chemicals	Foods & Agriculture Business
Revenue							
External revenue	39,892	13,705	21,688	25,734	78,716	124,190	42,590
Inter-segment revenue	0	330	22	471	—	3	3
Total revenue	39,892	14,036	21,710	26,206	78,716	124,194	42,593
Segment profit (loss)	2,822	429	(61)	211	4,170	2,328	2,082

	Reportable segments			Others	Reconciliations	Consolidated
	Retail & Lifestyle Business	Industrial Infrastructure & Urban Development	Total			
Revenue						
External revenue	72,314	4,542	423,374	9,070	—	432,445
Inter-segment revenue	15	132	979	81	(1,061)	—
Total revenue	72,329	4,674	424,354	9,151	(1,061)	432,445
Segment profit (loss)	1,644	(443)	13,185	161	1,268	14,615

Reconciliation of segment profit of 1,268 million yen includes the difference between the Company's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to 1,123 million yen, and unallocated dividend income and others of 145 million yen.

For the first quarter ended June 30, 2018 (April 1, 2018 – June 30, 2018)

(In Millions of Yen)

	Reportable segments						
	Automotive	Aerospace & Transportaion Project	Machinery & Medical Infrastructure	Energy & Social Infrastructure	Metals & Mineral Resources	Chemicals	Foods & Agriculture Business
Revenue							
External revenue	57,926	6,259	20,625	17,851	108,149	126,916	35,102
Inter-segment revenue	—	—	31	469	—	3	2
Total revenue	57,926	6,259	20,656	18,321	108,149	126,919	35,105
Segment profit (loss)	3,085	737	279	219	8,179	2,248	1,241

	Reportable segments			Others	Reconciliations	Consolidated
	Retail & Lifestyle Business	Industrial Infrastructure & Urban Development	Total			
Revenue						
External revenue	79,108	6,366	458,306	9,603	—	467,910
Inter-segment revenue	13	91	612	69	(681)	—
Total revenue	79,122	6,458	458,306	9,672	(681)	467,910
Segment profit (loss)	1,702	(206)	17,487	935	1,337	19,759

Reconciliation of segment profit of 1,337 million yen includes the difference between the Company's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to 928 million yen, and unallocated dividend income and others of 409 million yen.

Changes in Reportable Segments

Effective April 1, 2018, the Aerospace & IT Business Division, the Infrastructure & Environment Business Division and Energy Division were reorganized to the Aerospace & Transportation Project Division, the Machinery & Medical Infrastructure Division and the Energy & Social Infrastructure Division. The name of the Metals & Coal Division has been changed to the Metals & Mineral Resources Division. These reorganizations have resulted in changes to reportable segments. Segment information for the three-month period ended June 30, 2017, has been restated to reflect these changes.

Financial Results for the First Quarter Ended June 30, 2018 (Reference)

August 1, 2018
Sojitz Corporation

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Forecast of Fiscal Year Ending March 31, 2019

II . Dividends

【Supplemental Data】

I. Segment Information


II. Summary of Financial Results

Caution regarding Forward-looking Statements

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by such forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements.

The company will provide timely disclosure of any material changes, events, or other relevant issues.

I . Financial Results for the First Quarter and Full Year Forecast of Fiscal Year Ending March 31, 2019



Summary of Profit or Loss

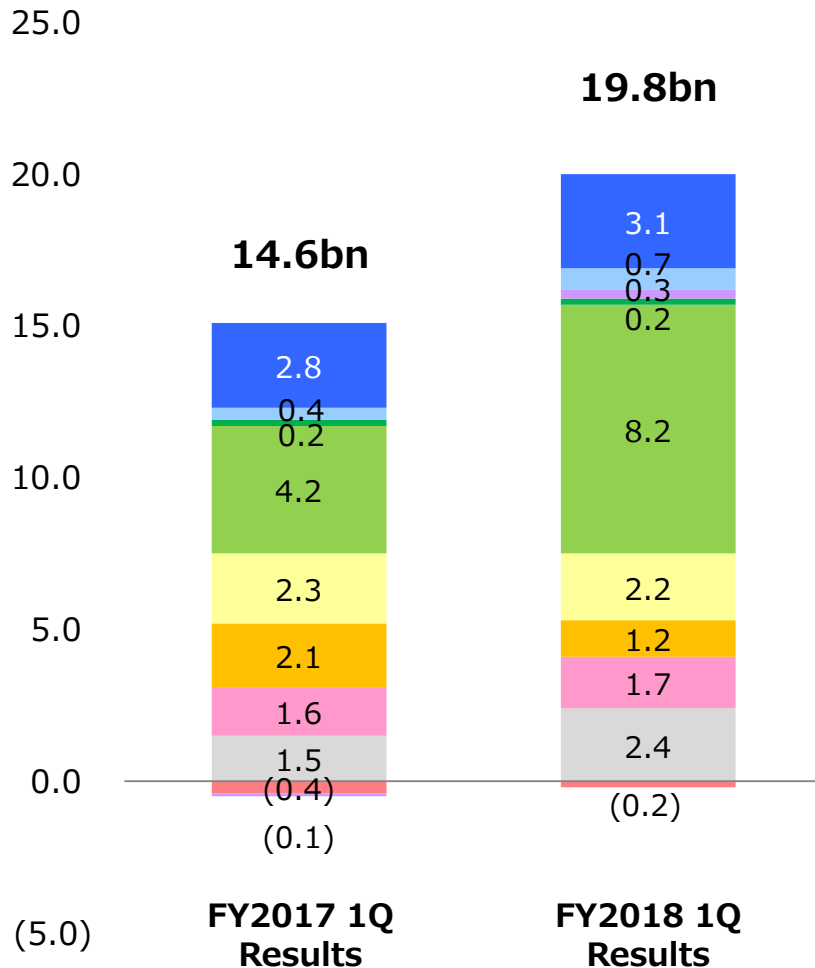
(Billions of Yen)	FY2017 1Q Results	FY2018 1Q Results	Difference	FY2018 Forecast	Achieved
Revenue	432.4	467.9	+35.5	—	—
Gross profit	51.6	59.9	+8.3	240.0	25%
Share of profit (loss) of investments accounted for using the equity method	5.9	5.6	(0.3)	26.0	22%
Profit before tax	19.1	27.3	+8.2	86.0	32%
Profit for the Year attributable to owners of the Company	14.6	19.8	+5.2	63.0	31%
Core earnings	17.9	22.2	+4.3	86.0	26%

Summary of Profit or Loss

Profit for the Year by segment

Profit for the year (attributable to owners of the Company) by segment

(Billions of Yen)



Factor behind year on year change in earnings

- **Automotive ¥ 3.1 billion (up ¥0.3 billion YoY)**
 Increased due to gains on sales of automotive-related companies despite rebound from one-time income recorded in the previous equivalent period
- **Aerospace & Transportation Project ¥ 0.7 billion (up ¥ 0.3 billion YoY)**
 Increased due to gains on sales of aircraft
- **Machinery & Medical Infrastructure ¥ 0.3 billion (up ¥ 0.4 billion YoY)**
 Increased due to recording of revenue associated with infrastructure projects
- **Energy & Social Infrastructure ¥ 0.2 billion (UP ¥ 0 billion YoY)**
 Unchanged year on year
- **Metals & Mineral Resources ¥ 8.2 billion (up ¥ 4.0 billion YoY)**
 Increased due to higher prices and transaction volumes of coal and other resources
- **Chemicals ¥ 2.2 billion (down ¥ (0.1) billion YoY)**
 Unchanged year on year
- **Foods & Agriculture Business ¥ 1.2 billion (down ¥ (0.9) billion YoY)**
 Decreased due to higher material costs in overseas fertilizer businesses
- **Retail & Lifestyle Business ¥ 1.7 billion (up ¥ 0.1 billion YoY)**
 Unchanged year on year
- **Industrial Infrastructure & Urban Development ¥ (0.2) billion (up ¥ 0.2 billion YoY)**
 Unchanged year on year
- **Other ¥ 2.4 billion (up ¥ 0.9 billion YoY)**

FY2018 Forecast

Profit for the Year by Segment

Profit for the year (attributable to Owners of the Company) by segment

(Billions of Yen)	FY2017 1Q Results	FY2018 Forecast	Achieved
Automotive	3.1	5.5	56%
Aerospace & Transportation Project	0.7	4.0	18%
Machinery & Medical Infrastructure	0.3	3.0	10%
Energy & Social Infrastructure	0.2	4.5	4%
Metals & Mineral Resources	8.2	20.5	40%
Chemicals	2.2	10.5	21%
Foods & Agriculture Business	1.2	4.5	27%
Retail & Lifestyle Business	1.7	5.5	31%
Industrial Infrastructure & Urban Development	(0.2)	1.5	—
Other	2.4	3.5	69%
Total	19.8	63.0	31%

Progress Overview

- **Automotive ¥ 3.1 billion**
Performance generally as budgeted
- **Aerospace & Transportation Project ¥ 0.7 billion**
Earning contributions anticipated from progress in railroad projects along with earnings from second-half aircraft-related transactions
- **Machinery & Medical Infrastructure ¥ 0.3 billion**
Earnings from industrial machinery-related transactions and revenue associated with infrastructure projects anticipated
- **Energy & Social Infrastructure ¥ 0.2 billion**
Earning contributions from domestic and overseas power generation businesses and from affiliates anticipated in the second half of the fiscal year
- **Metals & Mineral Resources ¥ 8.2 billion**
Forecast unchanged, despite strong conditions in markets for coal and certain other commodities
- **Chemicals ¥ 2.2 billion**
Performance generally as budgeted
- **Foods & Agriculture Business ¥ 1.2 billion**
Conditions, including higher material costs in overseas fertilizer businesses, more or less as budgeted
- **Retail & Lifestyle Business ¥ 1.7 billion**
Performance generally as budgeted
- **Industrial Infrastructure & Urban Development ¥ (0.2) billion**
Earnings contributions from overseas industrial park businesses anticipated in the second half of fiscal year

Summary of Balance Sheets

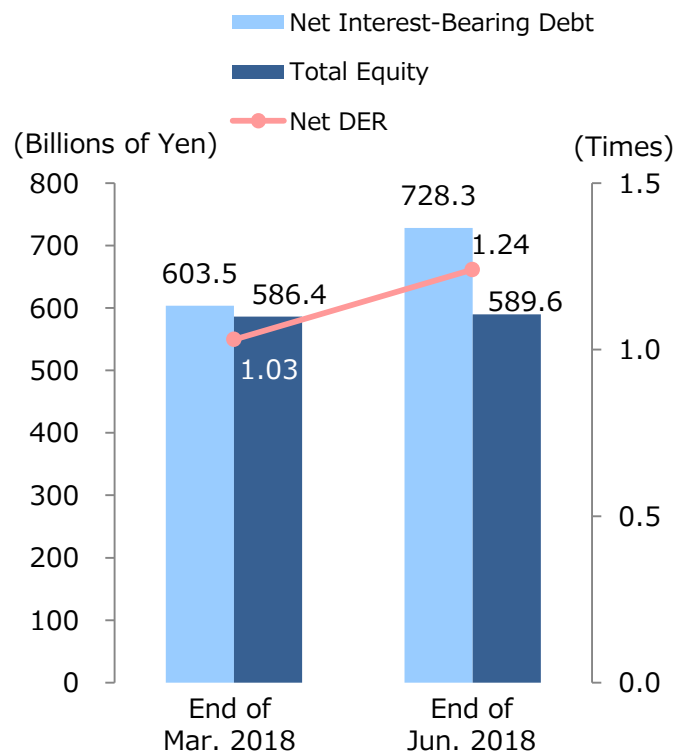
(Billions of Yen)	End of Mar. 2018	End of Jun. 2018	Difference	End of Mar. 2019 (Forecast)
Total Assets	2,350.4	2,366.8	+16.4	2,400.0
Total equity*1	586.4	589.6	+3.2	630.0
Equity Ratio	25.0%	24.9%	(0.1)%	26.3%
Net interest-bearing debt	603.5	728.3	+124.8	650.0
Net DER (Times)	1.03	1.24	+0.21	1.0
Risk Assets*2 vs. Total equity	350.0 0.6 times	350.0 0.6 times	+0 +0times	—
Current Ratio	162.7%	173.0%	+10.3%	—
Long-term debt ratio	87.5%	84.3%	(3.2)%	—

(*1) "Total equity attributable to owners of the Company" is recognized as "Total equity" above, and is also used in the denominator of the "Net DER" and the numerator of the "Equity ratio".

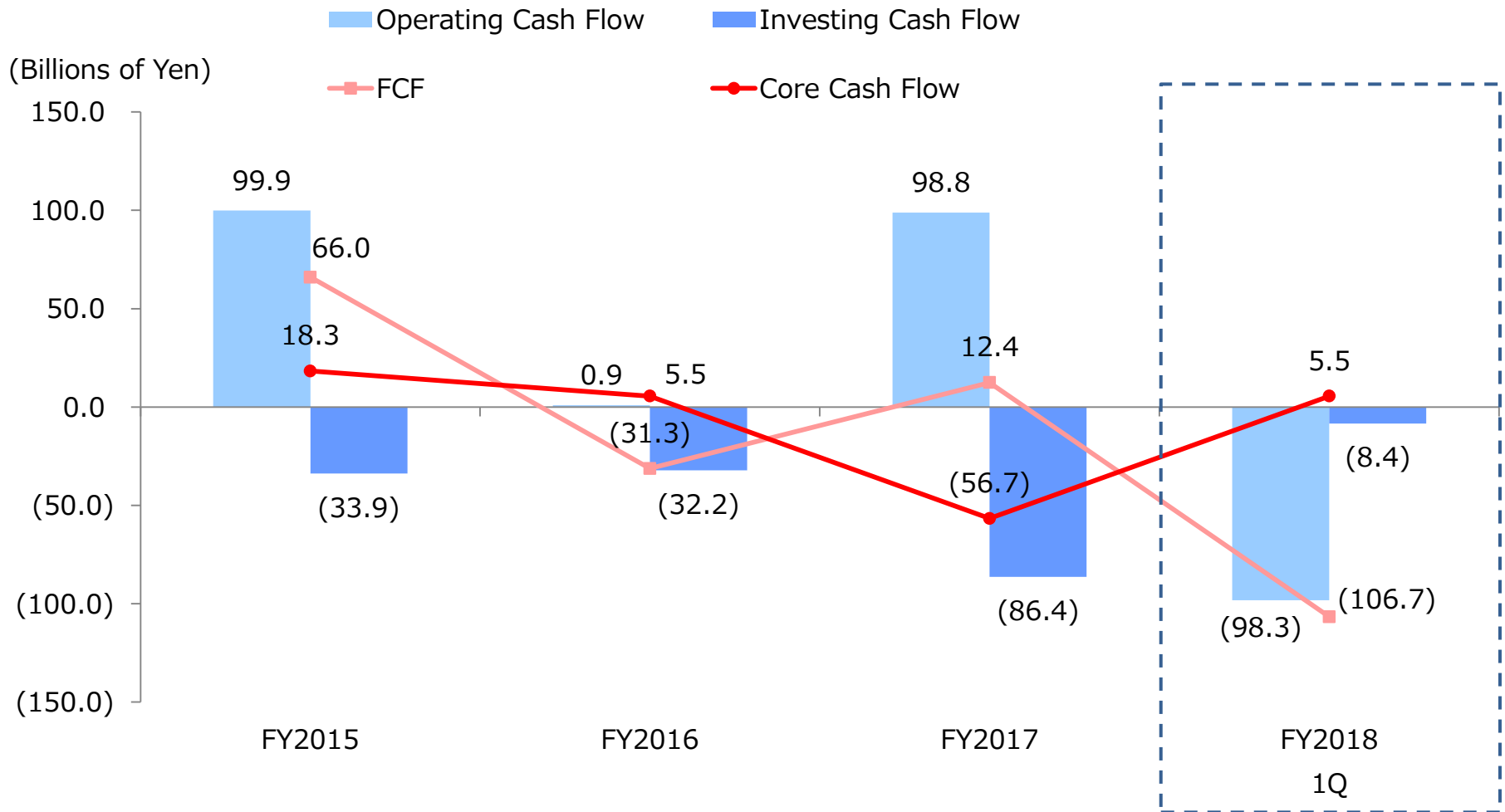
(*2) The method of measuring risk assets mainly for goodwill was revised in the three-month period ended June 30, 2018. Figures for the year ended March 31, 2018, have been restated to reflect this change.

Changes in Total Equity (End of Mar. 2018 vs. End of Jun. 2018, Breakdown)

- Profit for the period attributable to owners of the Company ¥ 19.8 billion
- Dividends paid ¥ (7.5) billion



Summary of Free Cash Flows



*Core cash flow = Core operating cash flow + Post-adjustment net cash provided by (used in) investing activities – Dividends paid (Post-adjustment net cash provided by (used in) investing activities is net cash provided by (used in) investing activities after adjustment for changes in long-term operating assets, etc.)

Investments and Loans for the First Quarter Ended June 30, 2018

FY2018 1Q Results	Main Businesses
Investments and Loans	<ul style="list-style-type: none"> ■ Automobile dealership business in Russia ■ IPP business in the United States ■ Domestic and overseas solar power generation business ■ Papermaking company in Vietnam <p style="text-align: right;">etc.</p>
Investments and Loans Results	Approx. ¥25.0bn
Asset Reduction	<ul style="list-style-type: none"> ■ Sales of an automotive-related company ■ Sales of solar power generation business company ■ Sales of aircraft <p style="text-align: right;">etc.</p>
Asset Reduction Results	Approx. ¥24.0bn

Major One-time Gain/Loss for the First Quarter Ended June 30, 2018

	FY2017 1Q Results		FY2018 1Q Results	
Non-Resource	¥ 1.6 billion	<ul style="list-style-type: none"> •Automobile parts business <p>etc.</p>	¥ 4.4 billion	<ul style="list-style-type: none"> •Sale of automobile-related companies •Sales of aircraft <p>etc.</p>
Resource	¥ (0.2) billion	—	¥ (0.3) billion	<ul style="list-style-type: none"> •Sale of oil and gas interests <p>etc.</p>
Total (After income tax expenses)	¥ 1.4 billion		¥ 4.1 billion	

Commodity Prices, Foreign Exchange, and Interest Rate

	FY2017 Results (Apr.-Jun. Avg.)	FY2018 Assumptions (Annual Avg.)	FY2018 Results (Apr.-Jun Avg.)	Latest Data (As of July 26, 2018)
Crude oil (Brent)	US\$50.8/bbl	US\$60.0/bbl	US\$75.0/bbl	US\$74.5/bbl
Thermal Coal *1	US\$79.8/t	US\$85.0/t	US\$105.3/t	US\$120.7/t
Exchange rate *2	¥111.4/US\$	¥105.0/US\$	¥109.5/US\$	¥110.7/US\$
Interest rate (TIBOR)	0.06%	0.06%	0.07%	0.07%

*1 The results in the above table are cited from the GlobalCOAL NEWC Index and differ from our sales prices.

*2 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters gross profit by approx. ¥0.5 billion annually, profit for the year (attributable to owners of the Company) by approx. ¥0.25 billion annually, and total equity by approx. ¥2.0 billion.

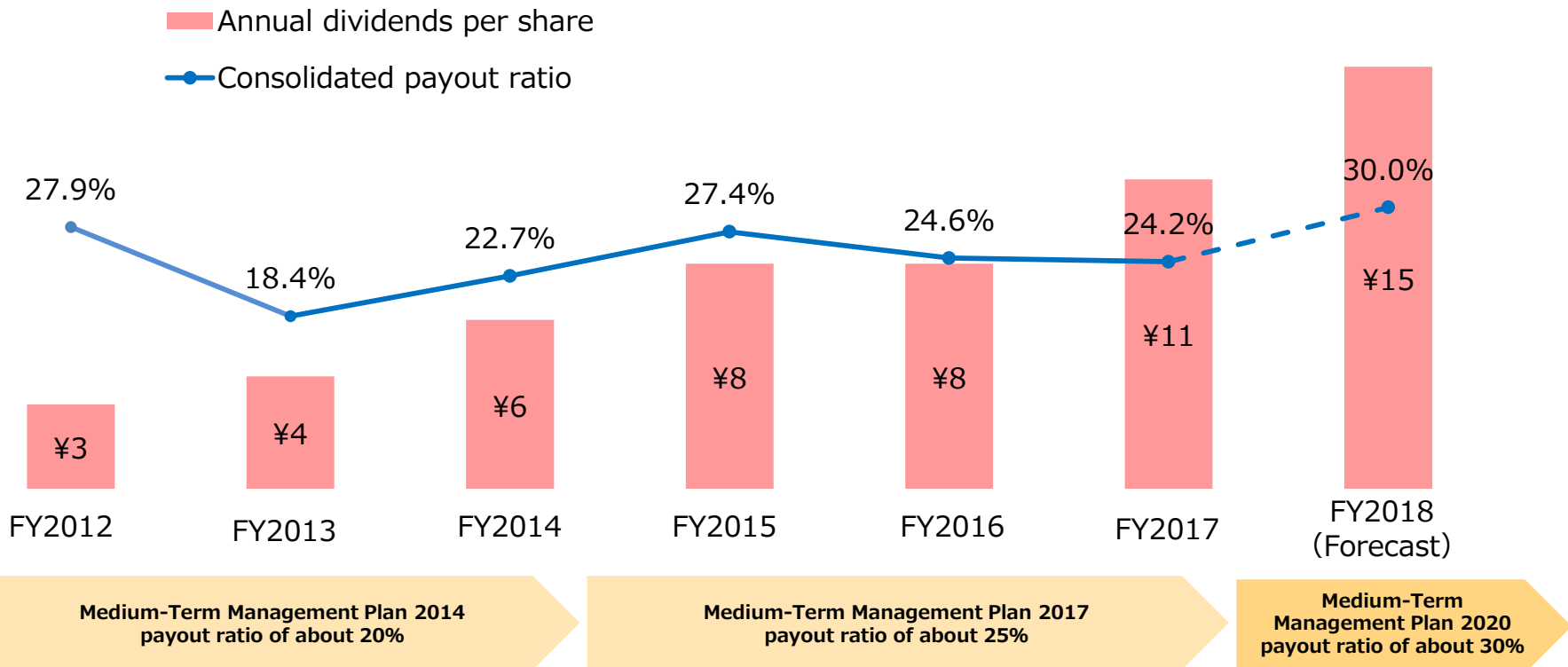
II. Dividends

Dividend Policy

Basic Dividend Policy

Sojitz recognizes that paying stable, continuous dividends is a management priority, together with enhancing shareholder value and boosting competitiveness through the accumulation and effective use of retained earnings.

Under Medium-Term Management Plan 2020, our basis policy will be to target a consolidated payout ratio of 30%



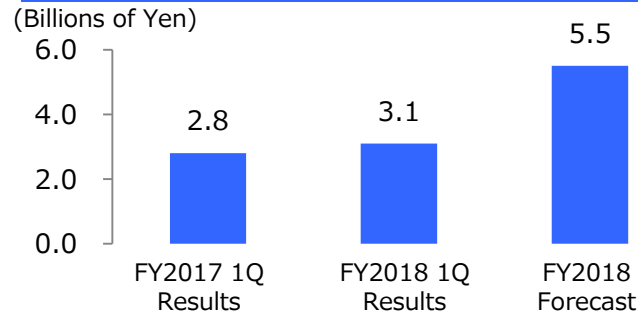
【Supplemental Data】

I. Segment Information

Automotive

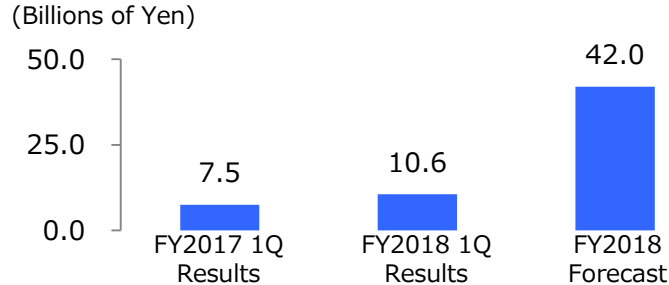


Profit for the Year (attributable to owners of the Company)

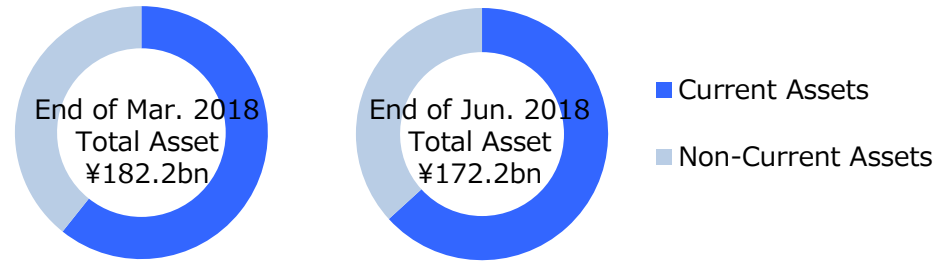


【Progress Overview】
Performance generally as budgeted

Gross profit



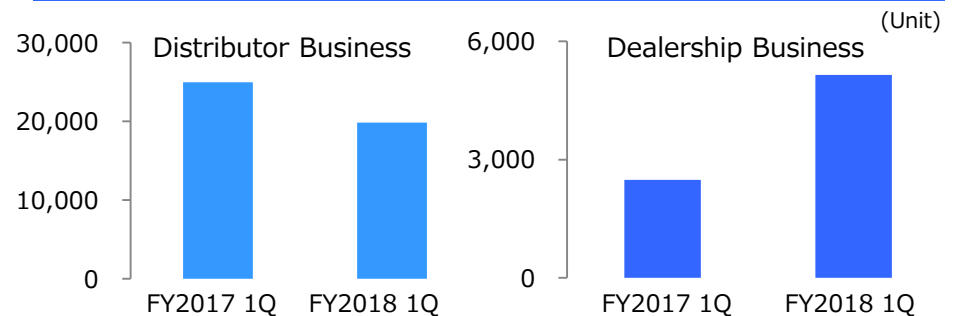
Asset Structure



FY2018 1Q Results

(Billions of Yen)	FY2017 1Q Results	FY2018 1Q Results
Gross profit	7.5	10.6
Share of profit of investments accounted for using the equity method	0.9	0.3
Profit for the period (attributable to owners of the Company)	2.8	3.1
	End of Mar. 2018	End of Jun. 2018
Total assets	182.2	172.2

Vehicle Sales

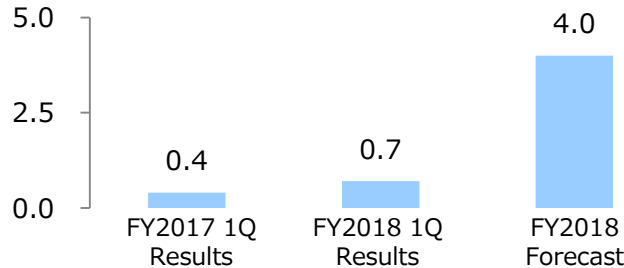


Aerospace & Transportation Project



Profit for the Year (attributable to owners of the Company)

(Billions of Yen)

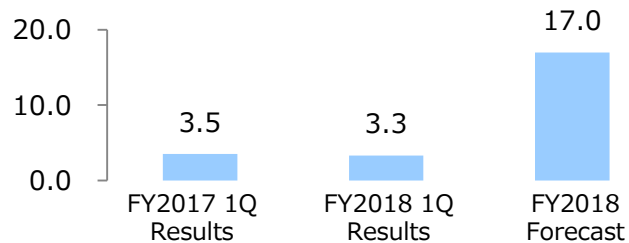


【Progress Overview】

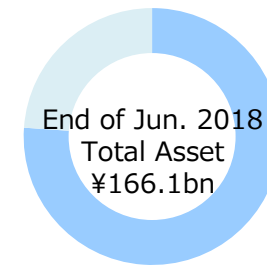
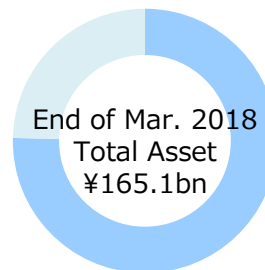
Earning contributions anticipated from progress in railroad projects along with earnings from second-half aircraft-related transactions

Gross profit

(Billions of Yen)



Asset Structure



■ Current Assets
■ Non-Current Assets

FY2018 1Q Results

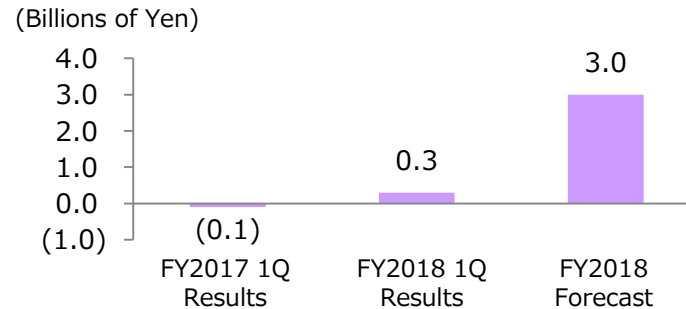
(Billions of Yen)

	FY2017 1Q Results	FY2018 1Q Results
Gross profit	3.5	3.3
Share of profit of investments accounted for using the equity method	0.0	0.3
Profit for the period (attributable to owners of the Company)	0.4	0.7
	End of Mar. 2018	End of Jun. 2018
Total assets	165.1	166.1

Machinery & Medical Infrastructure



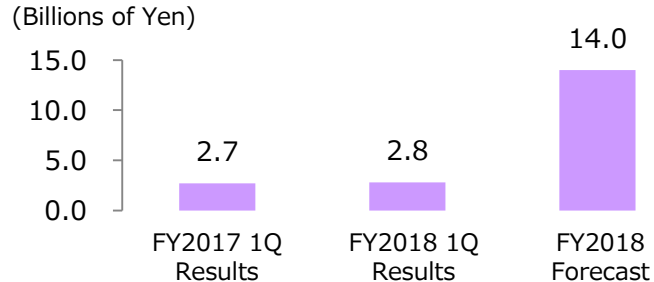
Profit for the Year (attributable to owners of the Company)



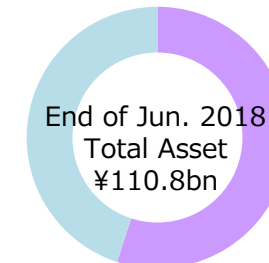
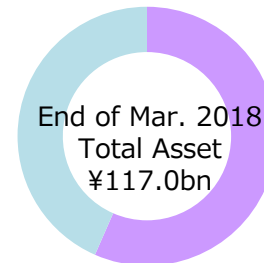
【Progress Overview】

Earnings from industrial machinery-related transactions and revenue associated with infrastructure projects anticipated

Gross profit



Asset Structure



■ Current Assets
■ Non-Current Assets

FY2018 1Q Results

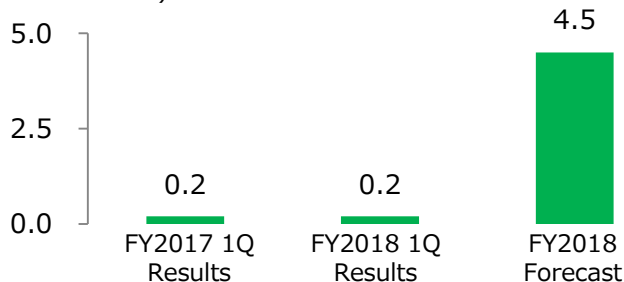
(Billions of Yen)	FY2017 1Q Results	FY2018 1Q Results
Gross profit	2.7	2.8
Share of profit of investments accounted for using the equity method	0.1	0.1
Profit for the period (attributable to owners of the Company)	(0.1)	0.3
	End of Mar. 2018	End of Jun. 2018
Total assets	117.0	110.8

Energy & Social Infrastructure



Profit for the Year (attributable to owners of the Company)

(Billions of Yen)

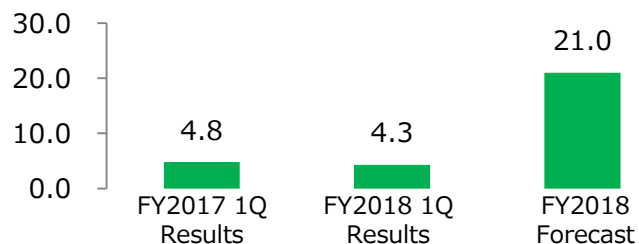


【Progress Overview】

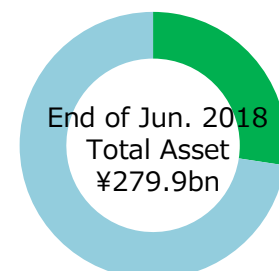
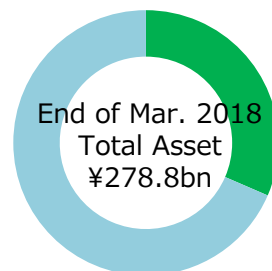
Earning contributions from domestic and overseas power generation businesses and from affiliates anticipated in the second half of the fiscal year

Gross profit

(Billions of Yen)



Asset Structure



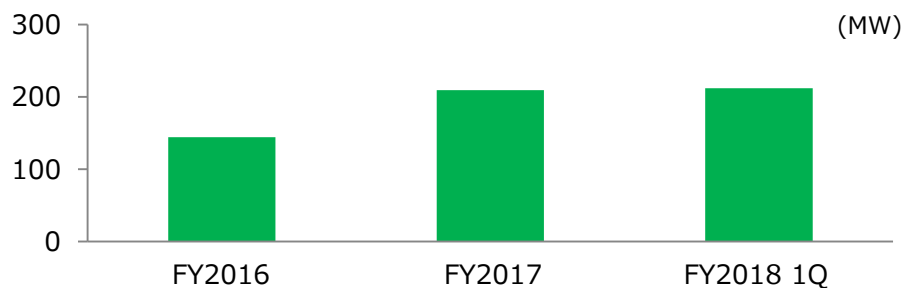
■ Current Assets
■ Non-Current Assets

FY2018 1Q Results

(Billions of Yen)

	FY2017 1Q Results	FY2018 1Q Results
Gross profit	4.8	4.3
Share of profit of investments accounted for using the equity method	0.2	0.0
Profit (loss) for the period (attributable to owners of the Company)	0.2	0.2
	End of Mar. 2018	End of Jun. 2018
Total assets	278.8	279.9

Sojitz's Share of Renewable Energy Generation

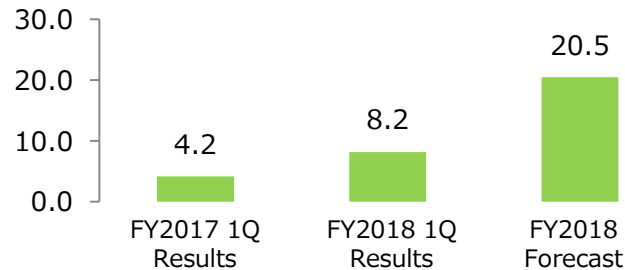


Metals & Mineral Resources



Profit for the Year (attributable to owners of the Company)

(Billions of Yen)

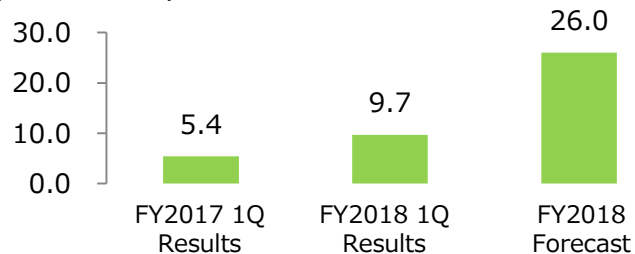


【Progress Overview】

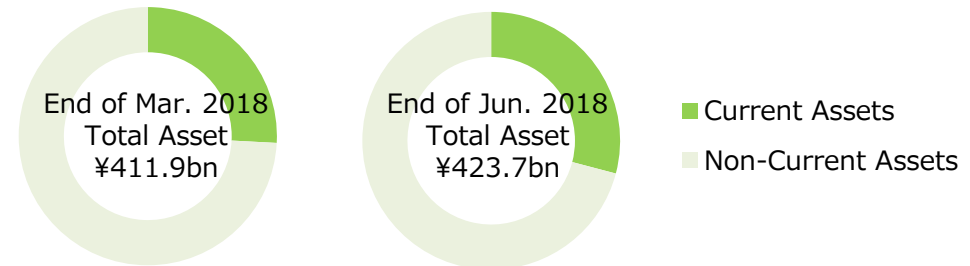
Forecast unchanged, despite strong conditions in markets for coal and certain other commodities

Gross profit

(Billions of Yen)



Asset Structure

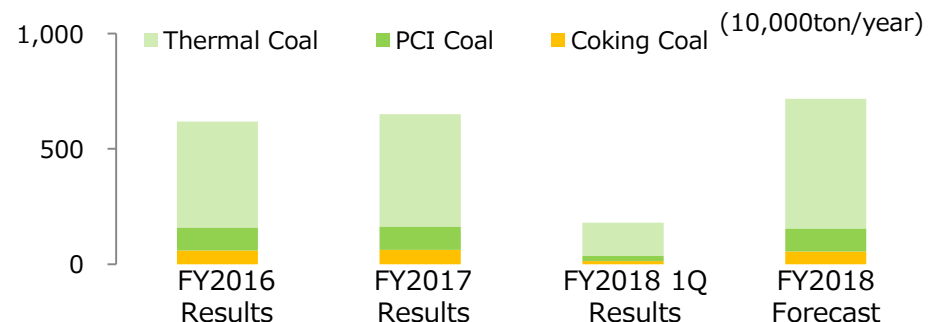


FY2018 1Q Results

(Billions of Yen)

	FY2017 1Q Results	FY2018 1Q Results
Gross profit	5.4	9.7
Share of profit of investments accounted for using the equity method	3.8	4.6
Profit for the period (attributable to owners of the Company)	4.2	8.2
	End of Mar. 2018	End of Jun. 2018
Total assets	411.9	423.7

Sales Volume for Coal

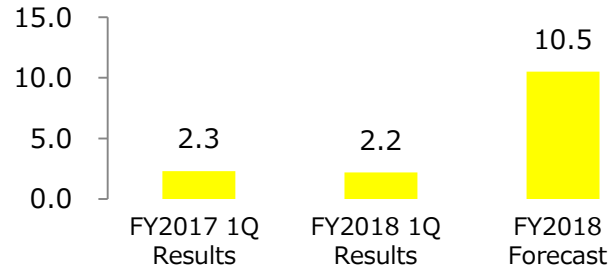


Chemicals



Profit for the Year (attributable to owners of the Company)

(Billions of Yen)

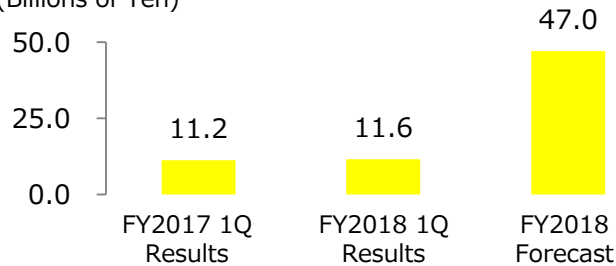


【Progress Overview】

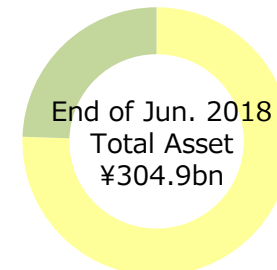
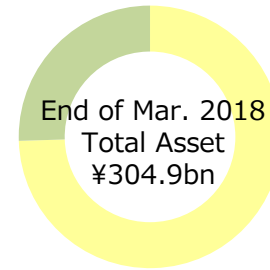
Performance generally as budgeted

Gross profit

(Billions of Yen)



Asset Structure



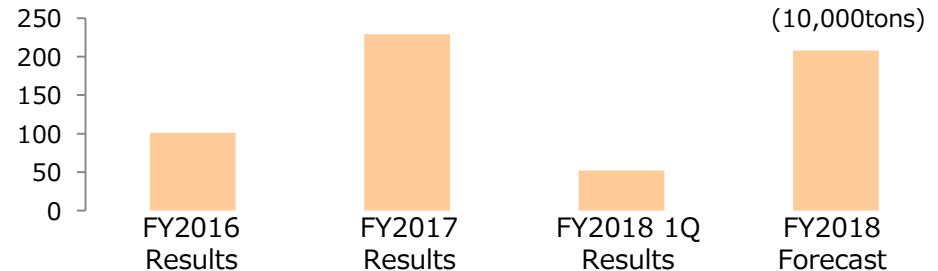
■ Current Assets
■ Non-Current Assets

FY2018 1Q Results

(Billions of Yen)

	FY2017 1Q Results	FY2018 1Q Results
Gross profit	11.2	11.6
Share of profit of investments accounted for using the equity method	0.3	0.2
Profit for the period (attributable to owners of the Company)	2.3	2.2
	End of Mar. 2018	End of Jun. 2018
Total assets	304.9	304.9

Sales Volume for Methanol

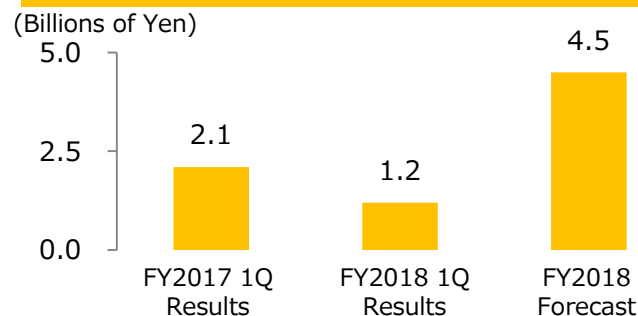


* FY2017 or later includes the sales volumes of solvadis holdings S.a.r.l.

Foods & Agriculture Business



Profit for the Year (attributable to owners of the Company)

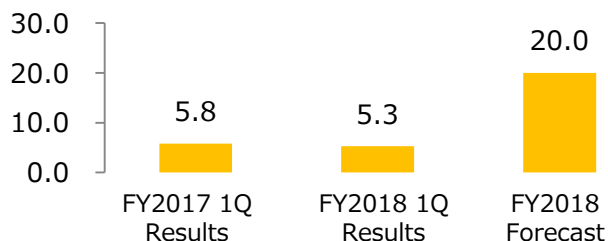


【Progress Overview】

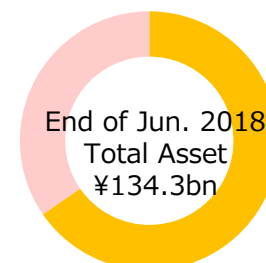
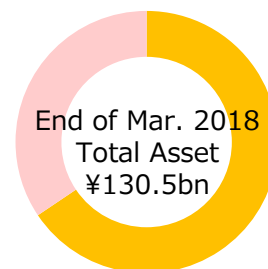
Conditions, including higher material costs in overseas fertilizer businesses, more or less as budgeted

Gross profit

(Billions of Yen)



Asset Structure



■ Current Assets
■ Non-Current Assets

FY2018 1Q Results

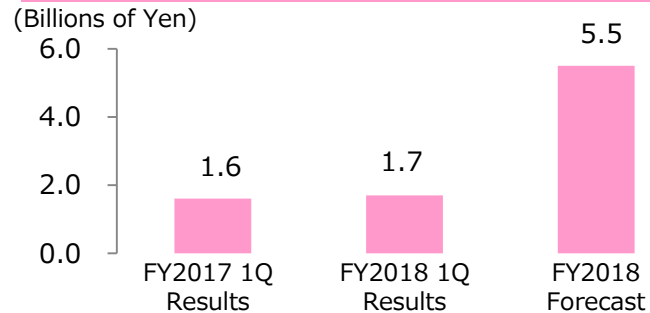
(Billions of Yen)

	FY2017 1Q Results	FY2018 1Q Results
Gross profit	5.8	5.3
Share of profit (loss) of investments accounted for using the equity method	0.2	0.1
Profit for the period (attributable to owners of the Company)	2.1	1.2
	End of Mar. 2018	End of Jun. 2018
Total assets	130.5	134.3

Retail & Lifestyle Business

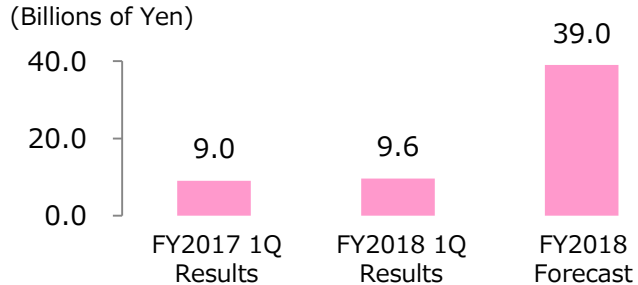


Profit for the Year (attributable to owners of the Company)

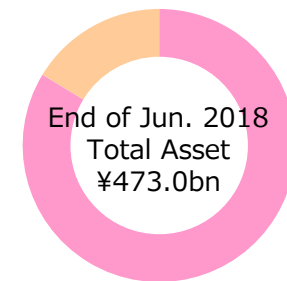
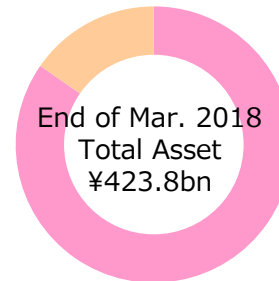


【Progress Overview】
Performance generally as budgeted

Gross profit



Asset Structure



■ Current Assets
■ Non-Current Assets

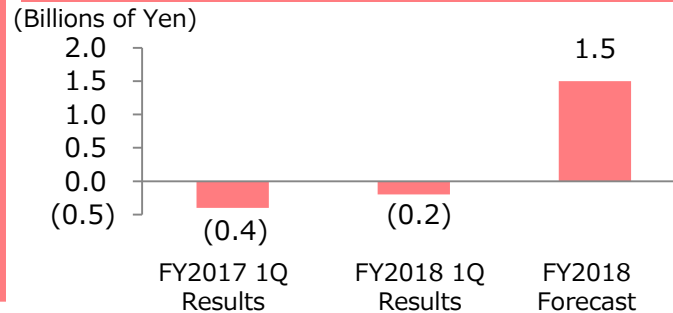
FY2018 1Q Results

(Billions of Yen)	FY2017 1Q Results	FY2018 1Q Results
Gross profit	9.0	9.6
Share of profit of investments accounted for using the equity method	0.2	0.0
Profit for the period (attributable to owners of the Company)	1.6	1.7
	End of Mar. 2018	End of Jun. 2018
Total assets	423.8	473.0

Industrial Infrastructure & Urban Development



Profit for the Year (attributable to owners of the Company)

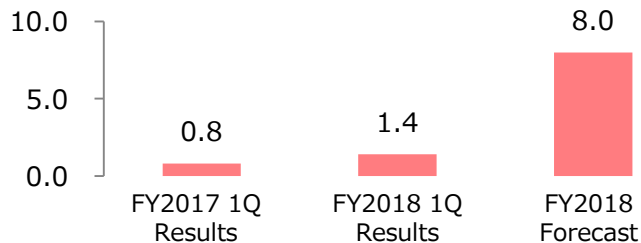


【Progress Overview】

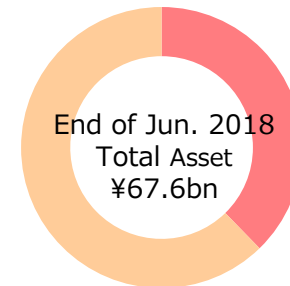
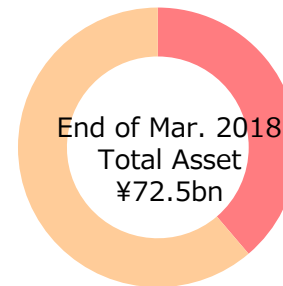
Earning contributions from overseas industrial park businesses anticipated in the second half of fiscal year

Gross profit

(Billions of Yen)



Asset Structure



■ Current Assets
■ Non-Current Assets

FY2018 1Q Results

(Billions of Yen)

	FY2017 1Q Results	FY2018 1Q Results
Gross profit	0.8	1.4
Share of profit of investments accounted for using the equity method	0.3	0.0
Profit for the period (attributable to owners of the Company)	(0.4)	(0.2)
	End of Mar. 2018	End of Jun. 2018
Total assets	72.5	67.6

Profit or Loss of Major Subsidiaries and Associates

(Billions of Yen)

Segment	Company	Subsidiary/ Associate	FY2017 1Q	FY2018 1Q	Difference
Automotive	Sojitz Automotive Group	Subsidiary	0.3	0.2	(0.1)
Automotive	Sojitz de Puerto Rico Corporation	Subsidiary	0.4	0.5	0.1
Aerospace & Transportation Project	Sojitz Aerospace Corporation	Subsidiary	0.1	0.1	0.0
Aerospace & Transportation Project	Sojitz Marine & Engineering Corporation	Subsidiary	0.1	0.2	0.1
Machinery & Medical Infrastructure	Sojitz Machinery Corporation	Subsidiary	0.0	0.1	0.1
Energy & Social Infrastructure	Nissho Electronics Corporation	Subsidiary	(0.1)	(0.1)	0.0
Energy & Social Infrastructure	LNG Japan Corporation	Associate	0.2	(0.2)	(0.4)
Metals & Mineral Resources	Sojitz Coal Resources Pty. Ltd.	Subsidiary	1.0	2.2	1.2
Metals & Mineral Resources	Sojitz Moolarben Resources Pty. Ltd.	Subsidiary	0.5	1.0	0.5
Metals & Mineral Resources	Sojitz Resources (Australia) Pty. Ltd.	Subsidiary	0.0	0.5	0.5
Metals & Mineral Resources	Japan Alumina Associates (Australia) Pty. Ltd.	Associate	0.1	0.0	(0.1)
Metals & Mineral Resources	Metal One Corporation	Associate	2.6	2.8	0.2

*1 Associate = Equity in earnings

*2 The above figures are for profit (loss) for the period (attributable to owners of the Company), which is calculated in accordance with IFRS and therefore may differ from past figures released by these companies.

Profit or Loss of Major Subsidiaries and Associates

(Billions of Yen)

Segment	Company	Subsidiary/ Associate	FY2017 1Q	FY2018 1Q	Difference
Chemicals	Sojitz Pla-Net Corporation	Subsidiary	0.5	0.3	(0.2)
Chemicals	PT. Kaltim Methanol Industri	Subsidiary	0.7	1.2	0.5
Chemicals	solvadis holding S.a.r.l	Subsidiary	0.2	0.1	(0.1)
Retail & Lifestyle Business	Sojitz Building Materials Corporation	Subsidiary	0.1	0.1	0.0
Retail & Lifestyle Business	Sojitz Foods Corporation	Subsidiary	0.8	0.9	0.1
Retail & Lifestyle Business	Sojitz Fashion Co., Ltd.	Subsidiary	0.2	0.2	0.0
Retail & Lifestyle Business	JALUX Inc.	Associate	0.1	0.2	0.1
Industrial Infrastructure & Urban Development	Sojitz New Urban Development Corporation	Subsidiary	(0.3)	(0.3)	0.0
Industrial Infrastructure & Urban Development	PT. Puradelta Lestari Tbk	Associate	0.3	0.0	(0.3)
Overseas Subsidiary	Sojitz Corporation of America	Subsidiary	0.4	1.0	0.6
Overseas Subsidiary	Sojitz Europe plc	Subsidiary	(0.1)	0.0	0.1
Overseas Subsidiary	Sojitz Asia Pte. Ltd.	Subsidiary	0.7	0.7	0.0

*1 Associate = Equity in earnings

*2 The above figures are for profit (loss) for the period (attributable to owners of the Company), which is calculated in accordance with IFRS and therefore may differ from past figures released by these companies.

【Supplemental Data】

II. Summary of Financial Results



Summary of Profit or Loss (Results)

(Billions of Yen)	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 1Q
Net sales (JGAAP)	5,771.0	5,166.2	3,844.4	4,014.6	4,321.7	3,934.5	4,046.6	4,105.3	4,006.6	3,745.5	4,209.1	–
Revenue	–	–	–	–	2,006.6	1,747.8	1,803.1	1,809.7	1,658.1	1,555.3	1,816.5	467.9
Gross profit	277.7	235.6	178.2	192.7	217.1	187.2	198.2	197.7	180.7	200.7	232.4	59.9
Operating profit	92.4	52.0	16.1	37.5	57.5	25.5	23.7	33.6	29.2	51.6	59.8	–
Share of profit (loss) of investments accounted for using the equity method	28.9	2.5	9.2	19.3	16.3	15.8	31.0	28.6	23.2	12.7	25.1	5.6
Profit before tax	88.4	37.1	18.9	39.3	58.5	28.1	44.0	52.6	44.3	58.0	80.3	27.3
Profit for the year attributable to owners of the Company	62.7	19.0	8.8	16.0	(1.0)	13.4	27.3	33.1	36.5	40.8	56.8	19.8
Core earnings	110.7	48.3	14.4	41.9	65.8	38.5	68.0	66.3	41.6	54.2	90.8	22.2
ROA	2.4%	0.8%	0.4%	0.7%	(0.0)%	0.6%	1.2%	1.5%	1.7%	1.9%	2.5%	–
ROE	13.0%	4.8%	2.6%	4.7%	(0.3)%	3.8%	6.5%	6.5%	6.8%	7.6%	10.0%	–

(*) The Group adopted IFRSs from the fiscal year ended March 31, 2013. The figures above are based on Japanese GAAP for FY2007 through FY2010.

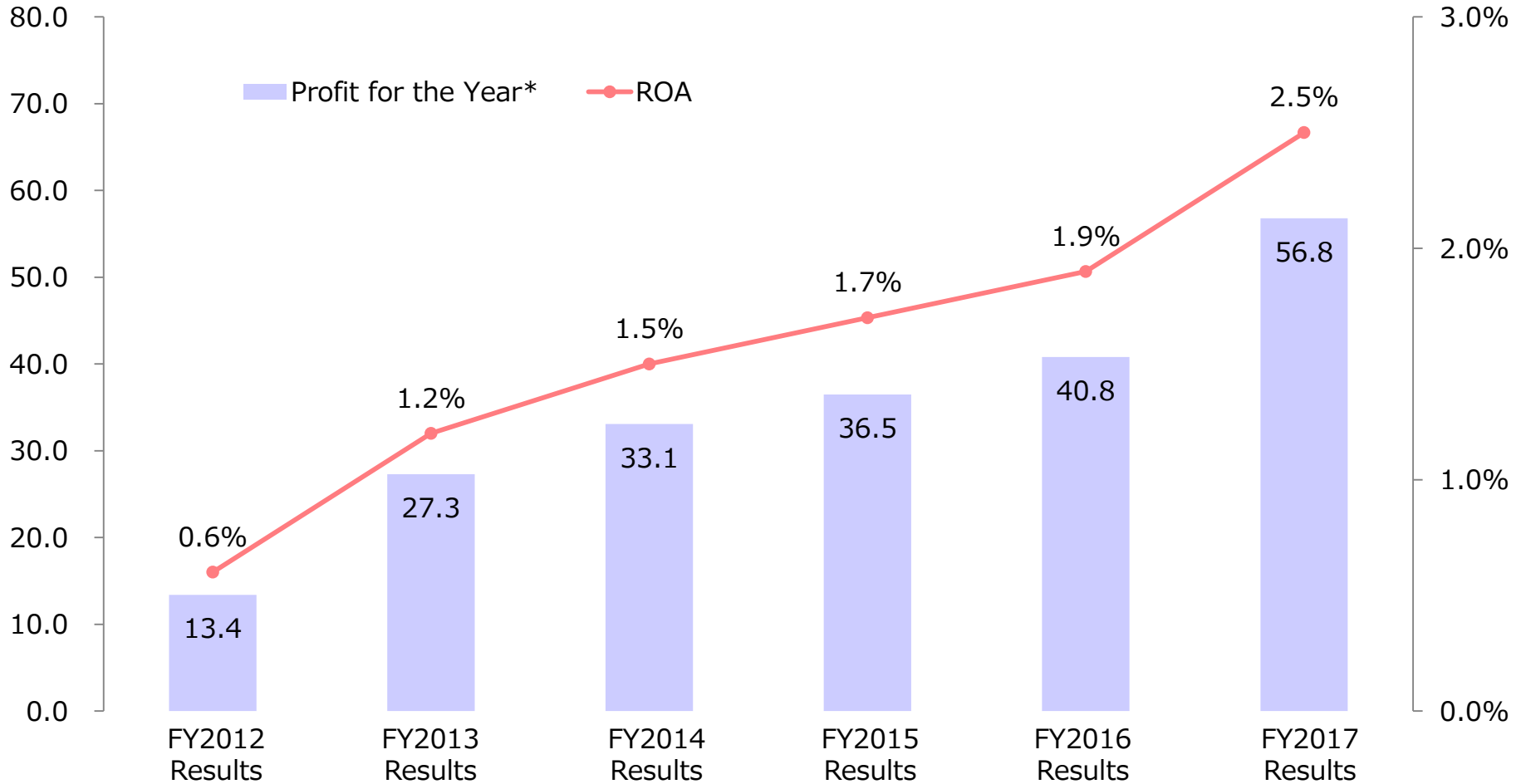
Summary of Balance Sheets (Results)

(Billions of Yen)	End of Mar. 2008	End of Mar. 2009	End of Mar. 2010	End of Mar. 2011	End of Mar. 2012	End of Mar. 2013	End of Mar. 2014	End of Mar. 2015	End of Mar. 2016	End of Mar. 2017	End of Mar. 2018	End of Jun. 2018
Total assets	2,669.4	2,313.0	2,160.9	2,117.0	2,190.7	2,150.1	2,220.2	2,297.4	2,056.7	2,138.5	2,350.4	2,366.8
Total equity	476.0	319.0	352.4	330.0	330.0	382.6	459.9	550.9	520.3	550.5	586.4	589.6
Equity ratio	17.8%	13.8%	16.3%	15.6%	15.1%	17.8%	20.7%	24.0%	25.3%	25.7%	25.0%	24.9%
Net interest-bearing debt	918.9	865.3	737.8	700.6	676.4	643.3	640.2	629.6	571.6	611.1	603.5	728.3
Net DER (times)	1.9	2.7	2.1	2.1	2.0	1.7	1.4	1.1	1.1	1.1	1.0	1.2
Risk assets (vs. Total equity, times)	380.0 0.8	350.0 1.1	320.0 0.9	310.0 0.9	330.0 1.0	340.0 0.9	350.0 0.8	320.0 0.6	330.0 0.6	320.0 0.6	350.0 0.6	350.0 0.6
Current ratio	121.1%	141.7%	152.7%	142.2%	142.5%	152.1%	162.8%	169.5%	170.1%	171.3%	162.7%	173.0%
Long-term debt ratio	54.0%	66.7%	74.3%	72.3%	73.3%	76.0%	78.7%	79.9%	81.8%	82.9%	87.5%	84.3%

(*) The Group adopted IFRSs from the fiscal year ended March 31, 2013. The figures above are based on Japanese GAAP for End of Mar. 2008 through 2011. Under JGAAP, Total equity is calculated as Total net assets – Minority interests.

Summary of Profit or Loss

(Billions of Yen)



* Attributable to owners of the Company

Summary of Balance Sheets

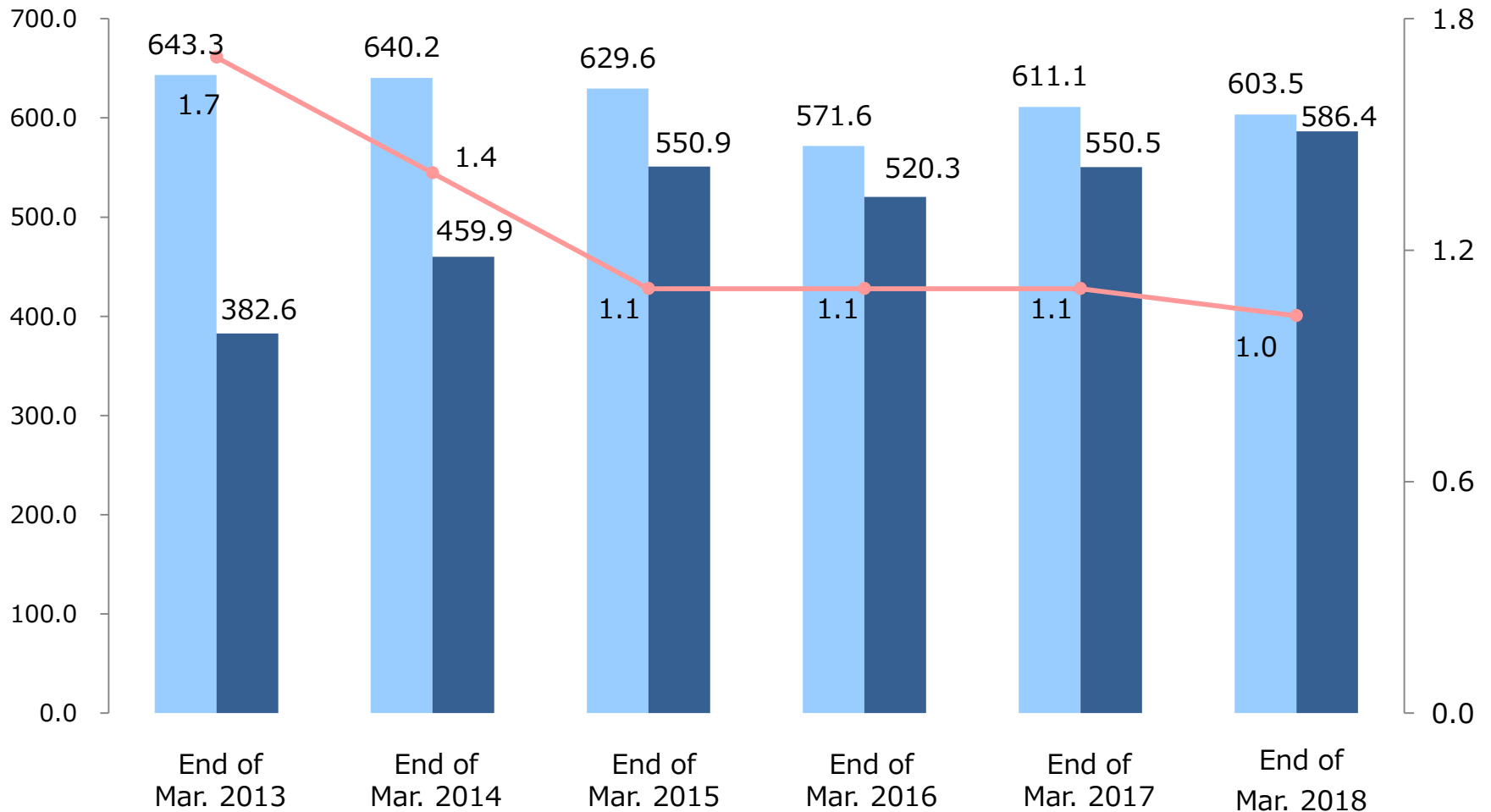
(Billions of Yen)

Net Interest-Bearing Debt

Total Equity

Net DER

(Times)





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New way, New value